



## **FIXING OUR BROKEN SYSTEM: GOVERNOR SCHWARZENEGGER'S PREVENTION, WELLNESS AND PERSONAL RESPONSIBILITY HEALTH CARE REFORMS**

### **FIGHTING OBESITY**

*Obesity threatens to surpass tobacco as the leading cause of preventable death. Obesity leads to many serious health problems, including Type 2 diabetes, heart disease, stroke, many forms of cancer and other conditions, including depression. A 2005 study by the California Department of Health Services estimated that the cost of obesity in California is \$28 billion annually due to increased health care costs, lost worker productivity and workers' compensation. To counter the obesity epidemic and lower associated costs, Governor Schwarzenegger's comprehensive health care reforms include initiatives to keep Californians fit and at a healthy weight.*

**The Governor's reforms tackle obesity using the same, successful approach as California's internationally recognized anti-tobacco campaign. Strategies include:**

- Public education to encourage physical activity and motivate Californians to make healthy lifestyle choices.
- Local assistance grants and state technical support to help whole communities get and stay healthy.
- Assistance to businesses that integrate wellness programs into employee benefits plans and worksites.

**These reforms target kids, to improve their health at school and at play.**

- The Governor's reforms will help communities set new policies to improve nutrition.
- School districts and the communities they serve will be encouraged to work together on school-based health and wellness, including childhood nutrition, obesity, and physical activity.
- A third of California's children, and one in four teens, are already overweight or obese. Forty to eighty percent of overweight children will become overweight adults.

**Everyone benefits from a fit California.**

- Healthier Californians – If Californians adopt healthier lifestyles, 55 percent can achieve a healthy weight by 2010 and 60 percent by 2017.
- More lives saved – The Governor's reforms can help achieve a 10 percent reduction in heart disease—the number one killer of Californians—over 15 years. This could translate to 7,000 lives saved each year.
- Improved student achievement – The physical well-being of students has a direct impact on their ability to achieve academically. Higher achievement on the Stanford Achievement Test is associated with higher levels of fitness.
- Lower costs – A 2005 study by the California Department of Health Services estimates that if the number of physically active Californians increased by 5 percent to 52.5 percent, we could realize a reduction in direct and indirect medical costs of \$1.3 billion/year.

**The Governor's proposed investment to fight obesity:**

- \$52 million annually supported by State Funds; not the Health Care Services Fund.
  - Encourage physical activity and healthy choices
    - Media campaign - \$12 million
  - Community Makeovers
    - Local assistance grants - \$24 million.
    - Training and technical support; statewide tracking and evaluation - \$12 million
  - Employee Total Health
    - Training and technical support; best practices center on policies and programs - \$4 million

## **PREVENTING AND MANAGING DIABETES**

*Diabetes is a significant driver of health care costs. Over 2 million Californians have diabetes; approximately 600,000 of these individuals do not know they have the disease. The average annual medical expenditure for a person with diabetes is \$13,243, compared to \$2,560 for a person without. The number of Californians with diabetes is expected to double by 2025. The Governor's comprehensive health care reforms include a diabetes initiative to reduce the health effects and costs of the disease.*

### **The Governor's reforms will help Californians better prevent and manage diabetes.**

- The Governor's proposed Five-Year Diabetes Prevention and Management Initiative will:
  - Screen Medi-Cal fee-for-service (FFS) beneficiaries for pre-diabetes and diabetes.
  - Help Californians better manage pre-diabetes and diabetes by giving health care providers financial incentives to use the American Diabetes Association (ADA) screening guidelines, lifestyle coaching and self-management training.
  - Improve diabetes self-management through financial incentives to patients.
  - Reduce the impact of diabetes on Californians' health and lower the costly strain diabetes puts on our health care system.
- The California Departments of Health Care Services and Public Health will work with stakeholders and diabetes experts on the proposed initiative.
- An independent organization will be hired to:
  - Evaluate the initiative's health outcomes and savings.
  - Estimate how expanding these strategies to the private and commercial insurance markets can achieve short and long-term savings.

### **The Governor's initiative will provide groundbreaking national leadership in developing interventions for those with pre-diabetes.**

### **The Governor's proposed investment to fight diabetes:**

- \$150 million in Federal and Health Care Services funds to support this initiative in the Medi-Cal and Healthy Families Programs.
  - \$75 million per year in Health Care Services funds, \$75 million in Federal Medicaid funds.

## **KICKING THE TOBACCO HABIT**

*Despite the accomplishments of California's internationally recognized Tobacco Control Program, there are approximately 3.8 million adult smokers and 200,000 youth smokers in California, leading to 43,000 tobacco-related deaths each year. This translates into \$8.6 billion in direct medical costs and \$7.3 billion in lost productivity from illness and premature death. The Governor's comprehensive health care reforms include an anti-tobacco initiative which will help tobacco users kick the habit and reduce tobacco's enormous human and health care costs.*

### **The Governor's reforms will help smokers get the help they need.**

- They provide an additional 46,000 smokers access smoking cessation services through the California Smokers' Helpline.
  - People who receive counseling from the Helpline are twice as likely to succeed as those who try to quit on their own.
- They will double the rate of smokers using health insurance cessation benefits from an estimated 6 percent to 12 percent annually.

### **They increase public awareness about the health benefits of quitting smoking:**

- The Governor's reforms direct California's Department of Public Health to annually summarize the smoking cessation benefits provided by the 10 largest private and public health insurers, make this information available on the Internet and promote these plans to the public and health care providers.

### **The Governor's reforms will result in better health for thousands and more than \$400 million in savings.**

- As a result of the Governor's reforms, an estimated 46,000 people will have access to programs that can help them stop smoking.
- The Governor's reforms will help reduce lifetime health care costs by \$412 million.

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### **The Governor's proposed investment in anti-smoking:**

- \$11 million per year, supported by State Funds, not the Health Care Services Fund.
- \$3 million to augment the California Smokers' Helpline.
- \$3.75 million for nicotine replacement therapy for smokers who use the Helpline.
- \$3 million to augment cessation-related paid media to promote the Helpline.
- \$1.25 million to fund contracts to monitor and make smoking cessation benefits offered by insurance companies available online and educate the public and health care providers about these plans.

## **PROMOTING PATIENT SAFETY**

*Medical errors drive up health care costs and put patients at unnecessary risk. These errors caused an estimated 23,000 hospital deaths in 2004 alone and contribute to thousands of injuries each year in California. The Institute of Medicine places the national cost of medical errors at \$37.6 billion to \$50 billion each year. As part of his comprehensive health care reforms, Governor Schwarzenegger has proposed initiatives to enhance accurate diagnosis and treatment, keep patients safer and lower health care costs.*

### **Promoting patient safety and reducing medical errors will lower medical costs. The Governor's reforms:**

- Call on California's hospitals and clinics to implement critical safety measures related to infection control, surgical errors and adverse drug events by 2008.
  - Highlight facilities demonstrating best practices, effective quality improvement programs and safe patient care.
- Require e-prescribing by providers and facilities by 2010.
- Enact new health care safety measures and reporting requirements for providers and facilities.
- Establish an Office of Patient Safety within the Department of Public Health to analyze and correct problems at health care facilities.
- Require health care facilities to educate staff on preventing medical errors and improving patient safety.
- Establish an interdisciplinary, university-based curriculum to improve patient safety and streamline costs within the health care delivery system.

### **These reforms will save Californians millions each year.**

- A 10 percent reduction in medical errors will reduce health care costs by an estimated \$450 million per year.

### **The Governor's proposed investment to increase patient safety:**

- \$2 million annually to establish and support the functions of the Office of Patient Safety
  - Start-up cost of \$750,000 to establish an interactive, web-based reporting system.
- This will be funded through the Licensing and Certification Fund.

## **MAKING HEALTHY CHOICES**

*Many chronic medical conditions—such as diabetes, heart disease and obesity—can be helped or fixed by changes in behavior. Approximately half of all deaths are due to preventable causes attributable to unhealthy behaviors. Tobacco use, poor diet, physical inactivity and alcohol consumption lead to approximately 800,000 preventable deaths annually. As part of his comprehensive health care reforms, Governor Schwarzenegger has proposed Healthy Action Programs to help Californians take personal responsibility for their health. These reforms will help Californians get and stay healthy, reduce disease and result in long-term health care savings.*

### **Californians should be rewarded for taking steps to improve their health.**

- Under the Governor's Healthy Action Program, individuals enrolled in Medi-Cal, the Healthy Families Program, CalPERS, private employer-based plans or the new state purchasing pool will earn rewards when they take steps to improve their health status and reduce health care expenditures by:
  - Obtaining preventive health screenings, such as breast and colorectal cancer screening.
  - Getting immunized against diseases.
  - Attending classes such as smoking cessation or weight management.

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- Incentives and rewards will be offered to those who complete a Health Risk Appraisal (HRA) and follow-up with a health care professional every two years.
  - HRAs are used to identify risky behaviors, including smoking, alcohol abuse, drug use and overeating, and to identify health conditions that can be better managed through self-care and/or medical intervention.
  - The HRA is also designed to help identify personal behaviors that can improve health status.
  - HRAs and follow-up medical consultation will be covered by Medi-Cal, the Healthy Families Program and CalPERS.

### **Participating in the Governor's Healthy Action Programs can lower Californians' premiums.**

- The Governor's reforms will require health plans and insurers to offer benefits and incentives, including premium reduction, to people who meet certain health goals.
- Rewards may also include vouchers and credits for health-related goods, services and items, such as gym and Weight Watchers memberships, or for child car seats, bicycle helmets, and/or transportation vouchers.
- Healthy Action Programs are not punitive. Individuals who are overweight, smoke or suffer from diabetes, for example, will not be charged higher premiums.

### **The Governor's proposed investment in Healthy Action Programs:**

- \$150 million in Federal and Health Care Services funds to support this initiative in the Medi-Cal and Healthy Families Programs.
  - \$75 million per year in Health Care Services funds, \$75 million in Federal Medicaid funds.